



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1458

Introduced 2/20/2015, by Sen. David S. Luechtefeld

SYNOPSIS AS INTRODUCED:

30 ILCS 105/5.832
225 ILCS 732/1-35
225 ILCS 732/1-65
225 ILCS 732/1-135

Amends the State Finance Act. Renames a fund as the Oil and Gas Resource Management Fund (now, Mines and Minerals). Makes corresponding changes. Amends the Hydraulic Fracturing Regulatory Act. Provides that the Fund will be used to support the Division of Oil and Gas Resource Management (now, Office of Mines and Mineral). Effective immediately.

LRB099 10517 SXM 30744 b

1 AN ACT concerning Finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Finance Act is amended by changing
5 Section 5.832 as follows:

6 (30 ILCS 105/5.832)

7 Sec. 5.832. The Oil and Gas Management Resource ~~Mines and~~
8 ~~Minerals Regulatory~~ Fund.

9 (Source: P.A. 98-22, eff. 6-17-13; 98-756, eff. 7-16-14.)

10 Section 10. The Hydraulic Fracturing Regulatory Act is
11 amended by changing Sections 1-35, 1-65 and 1-135 as follows:

12 (225 ILCS 732/1-35)

13 Sec. 1-35. High volume horizontal hydraulic fracturing
14 permit application.

15 (a) Every applicant for a permit under this Act shall first
16 register with the Department at least 30 days before applying
17 for a permit. The Department shall make available a
18 registration form within 90 days after the effective date of
19 this Act. The registration form shall require the following
20 information:

21 (1) the name and address of the registrant and any

1 parent, subsidiary, or affiliate thereof;

2 (2) disclosure of all findings of a serious violation
3 or an equivalent violation under federal or state laws or
4 regulations in the development or operation of an oil or
5 gas exploration or production site via hydraulic
6 fracturing by the applicant or any parent, subsidiary, or
7 affiliate thereof within the previous 5 years; and

8 (3) proof of insurance to cover injuries, damages, or
9 loss related to pollution or diminution in the amount of at
10 least \$5,000,000, from an insurance carrier authorized,
11 licensed, or permitted to do this insurance business in
12 this State that holds at least an A- rating by A.M. Best &
13 Co. or any comparable rating service.

14 A registrant must notify the Department of any change in
15 the information identified in paragraphs (1), (2), or (3) of
16 this subsection (a) at least annually or upon request of the
17 Department.

18 (b) Every applicant for a permit under this Act must submit
19 the following information to the Department on an application
20 form provided by the Department:

21 (1) the name and address of the applicant and any
22 parent, subsidiary, or affiliate thereof;

23 (2) the proposed well name and address and legal
24 description of the well site and its unit area;

25 (3) a statement whether the proposed location of the
26 well site is in compliance with the requirements of Section

1 1-25 of this Act and a plat, which shows the proposed
2 surface location of the well site, providing the distance
3 in feet, from the surface location of the well site to the
4 features described in subsection (a) of Section 1-25 of
5 this Act;

6 (4) a detailed description of the proposed well to be
7 used for the high volume horizontal hydraulic fracturing
8 operations including, but not limited to, the following
9 information:

10 (A) the approximate total depth to which the well
11 is to be drilled or deepened;

12 (B) the proposed angle and direction of the well;

13 (C) the actual depth or the approximate depth at
14 which the well to be drilled deviates from vertical;

15 (D) the angle and direction of any nonvertical
16 portion of the wellbore until the well reaches its
17 total target depth or its actual final depth; and

18 (E) the estimated length and direction of the
19 proposed horizontal lateral or wellbore;

20 (5) the estimated depth and elevation, according to the
21 most recent publication of the Illinois State Geological
22 Survey of Groundwater for the location of the well, of the
23 lowest potential fresh water along the entire length of the
24 proposed wellbore;

25 (6) a detailed description of the proposed high volume
26 horizontal hydraulic fracturing operations, including, but

1 not limited to, the following:

2 (A) the formation affected by the high volume
3 horizontal hydraulic fracturing operations, including,
4 but not limited to, geologic name and geologic
5 description of the formation that will be stimulated by
6 the operation;

7 (B) the anticipated surface treating pressure
8 range;

9 (C) the maximum anticipated injection treating
10 pressure;

11 (D) the estimated or calculated fracture pressure
12 of the producing and confining zones; and

13 (E) the planned depth of all proposed perforations
14 or depth to the top of the open hole section;

15 (7) a plat showing all known previous wellbores within
16 750 feet of any part of the horizontal wellbore that
17 penetrated within 400 vertical feet of the formation that
18 will be stimulated as part of the high volume horizontal
19 hydraulic fracturing operations;

20 (8) unless the applicant documents why the information
21 is not available at the time the application is submitted,
22 a chemical disclosure report identifying each chemical and
23 proppant anticipated to be used in hydraulic fracturing
24 fluid for each stage of the hydraulic fracturing operations
25 including the following:

26 (A) the total volume of water anticipated to be

1 used in the hydraulic fracturing treatment of the well
2 or the type and total volume of the base fluid
3 anticipated to be used in the hydraulic fracturing
4 treatment, if something other than water;

5 (B) each hydraulic fracturing additive anticipated
6 to be used in the hydraulic fracturing fluid, including
7 the trade name, vendor, a brief descriptor of the
8 intended use or function of each hydraulic fracturing
9 additive, and the Material Safety Data Sheet (MSDS), if
10 applicable;

11 (C) each chemical anticipated to be intentionally
12 added to the base fluid, including for each chemical,
13 the Chemical Abstracts Service number, if applicable;
14 and

15 (D) the anticipated concentration in the base
16 fluid, in percent by mass, of each chemical to be
17 intentionally added to the base fluid;

18 (9) a certification of compliance with the Water Use
19 Act of 1983 and applicable regional water supply plans;

20 (10) a fresh water withdrawal and management plan that
21 shall include the following information:

22 (A) the source of the water, such as surface or
23 groundwater, anticipated to be used for water
24 withdrawals, and the anticipated withdrawal location;

25 (B) the anticipated volume and rate of each water
26 withdrawal from each withdrawal location;

1 (C) the anticipated months when water withdrawals
2 shall be made from each withdrawal location;

3 (D) the methods to be used to minimize water
4 withdrawals as much as feasible; and

5 (E) the methods to be used for surface water
6 withdrawals to minimize adverse impact to aquatic
7 life.

8 Where a surface water source is wholly contained within
9 a single property, and the owner of the property expressly
10 agrees in writing to its use for water withdrawals, the
11 applicant is not required to include this surface water
12 source in the fresh water withdrawal and management plan;

13 (11) a plan for the handling, storage, transportation,
14 and disposal or reuse of hydraulic fracturing fluids and
15 hydraulic fracturing flowback. The plan shall identify the
16 specific Class II injection well or wells that will be used
17 to dispose of the hydraulic fracturing flowback. The plan
18 shall describe the capacity of the tanks to be used for the
19 capture and storage of flowback and of the lined reserve
20 pit to be used, if necessary, to temporarily store any
21 flowback in excess of the capacity of the tanks.
22 Identification of the Class II injection well or wells
23 shall be by name, identification number, and specific
24 location and shall include the date of the most recent
25 mechanical integrity test for each Class II injection well;

26 (12) a well site safety plan to address proper safety

1 measures to be employed during high volume horizontal
2 hydraulic fracturing operations for the protection of
3 persons on the site as well as the general public. Within
4 15 calendar days after submitting the permit application to
5 the Department, the applicant must provide a copy of the
6 plan to the county or counties in which hydraulic
7 fracturing operations will occur. Within 5 calendar days of
8 its receipt, the Department shall provide a copy of the
9 well site safety plan to the Office of the State Fire
10 Marshal;

11 (13) a containment plan describing the containment
12 practices and equipment to be used and the area of the well
13 site where containment systems will be employed, and within
14 5 calendar days of its receipt, the Department shall
15 provide a copy of the containment plan to the Office of the
16 State Fire Marshal;

17 (14) a casing and cementing plan that describes the
18 casing and cementing practices to be employed, including
19 the size of each string of pipe, the starting point, and
20 depth to which each string is to be set and the extent to
21 which each string is to be cemented;

22 (15) a traffic management plan that identifies the
23 anticipated roads, streets, and highways that will be used
24 for access to and egress from the well site. The traffic
25 management plan will include a point of contact to discuss
26 issues related to traffic management. Within 15 calendar

1 days after submitting the permit application to the
2 Department, the applicant must provide a copy of the
3 traffic management plan to the county or counties in which
4 the well site is located, and within 5 calendar days of its
5 receipt, the Department shall provide a copy of the traffic
6 management plan to the Office of the State Fire Marshal;

7 (16) the names and addresses of all owners of any real
8 property within 1,500 feet of the proposed well site, as
9 disclosed by the records in the office of the recorder of
10 the county or counties;

11 (17) drafts of the specific public notice and general
12 public notice as required by Section 1-40 of this Act;

13 (18) a statement that the well site at which the high
14 volume horizontal hydraulic fracturing operation will be
15 conducted will be restored in compliance with Section
16 240.1181 of Title 62 of the Illinois Administrative Code
17 and Section 1-95 of this Act;

18 (19) proof of insurance to cover injuries, damages, or
19 loss related to pollution in the amount of at least
20 \$5,000,000; and

21 (20) any other relevant information which the
22 Department may, by rule, require.

23 (c) Where an application is made to conduct high volume
24 horizontal fracturing operations at a well site located within
25 the limits of any city, village, or incorporated town, the
26 application shall state the name of the city, village, or

1 incorporated town and be accompanied with a certified copy of
2 the official consent for the hydraulic fracturing operations to
3 occur from the municipal authorities where the well site is
4 proposed to be located. No permit shall be issued unless
5 consent is secured and filed with the permit application. In
6 the event that an amended location is selected, the original
7 permit shall not be valid unless a new certified consent is
8 filed for the amended location.

9 (d) The hydraulic fracturing permit application shall be
10 accompanied by a bond as required by subsection (a) of Section
11 1-65 of this Act.

12 (e) Each application for a permit under this Act shall
13 include payment of a non-refundable fee of \$13,500. Of this
14 fee, \$11,000 shall be deposited into the Oil and Gas Resource
15 Management ~~Mines and Minerals Regulatory~~ Fund for the
16 Department to use to administer and enforce this Act and
17 otherwise support the operations and programs of the Division
18 of Oil and Gas Resource Management ~~Office of Mines and~~
19 ~~Minerals~~. The remaining \$2,500 shall be deposited into the
20 Illinois Clean Water Fund for the Agency to use to carry out
21 its functions under this Act. The Department shall not initiate
22 its review of the permit application until the applicable fee
23 under this subsection (e) has been submitted to and received by
24 the Department.

25 (f) Each application submitted under this Act shall be
26 signed, under the penalty of perjury, by the applicant or the

1 applicant's designee who has been vested with the authority to
2 act on behalf of the applicant and has direct knowledge of the
3 information contained in the application and its attachments.
4 Any person signing an application shall also sign an affidavit
5 with the following certification:

6 "I certify, under penalty of perjury as provided by law
7 and under penalty of refusal, suspension, or revocation of
8 a high volume horizontal hydraulic fracturing permit, that
9 this application and all attachments are true, accurate,
10 and complete to the best of my knowledge."

11 (g) The permit application shall be submitted to the
12 Department in both electronic and hard copy format. The
13 electronic format shall be searchable.

14 (h) The application for a high volume horizontal hydraulic
15 fracturing permit may be submitted as a combined permit
16 application with the operator's application to drill on a form
17 as the Department shall prescribe. The combined application
18 must include the information required in this Section. If the
19 operator elects to submit a combined permit application,
20 information required by this Section that is duplicative of
21 information required for an application to drill is only
22 required to be provided once as part of the combined
23 application. The submission of a combined permit application
24 under this subsection shall not be interpreted to relieve the
25 applicant or the Department from complying with the
26 requirements of this Act or the Illinois Oil and Gas Act.

1 (i) Upon receipt of a permit application, the Department
2 shall have no more than 60 calendar days from the date it
3 receives the permit application to approve, with any conditions
4 the Department may find necessary, or reject the application
5 for the high volume horizontal hydraulic fracturing permit. The
6 applicant may waive, in writing, the 60-day deadline upon its
7 own initiative or in response to a request by the Department.

8 (j) If at any time during the review period the Department
9 determines that the permit application is not complete under
10 this Act, does not meet the requirements of this Section, or
11 requires additional information, the Department shall notify
12 the applicant in writing of the application's deficiencies and
13 allow the applicant to correct the deficiencies and provide the
14 Department any information requested to complete the
15 application. If the applicant fails to provide adequate
16 supplemental information within the review period, the
17 Department may reject the application.

18 (Source: P.A. 98-22, eff. 6-17-13; 98-756, eff. 7-16-14.)

19 (225 ILCS 732/1-65)

20 Sec. 1-65. Hydraulic fracturing permit; bonds.

21 (a) An applicant for a high volume horizontal hydraulic
22 fracturing permit under this Act shall provide a bond, executed
23 by a surety authorized to transact business in this State. The
24 bond shall be in the amount of \$50,000 per permit or a blanket
25 bond of \$500,000 for all permits. If the applicant is required

1 to submit a bond to the Department under the Illinois Oil and
2 Gas Act, the applicant's submission of a bond under this
3 Section shall satisfy the bonding requirements provided for in
4 the Illinois Oil and Gas Act. In lieu of a bond, the applicant
5 may provide other collateral securities such as cash,
6 certificates of deposit, or irrevocable letters of credit under
7 the terms and conditions as the Department may provide by rule.

8 (b) The bond or other collateral securities shall remain in
9 force until the well is plugged and abandoned. Upon abandoning
10 a well to the satisfaction of the Department and in accordance
11 with the Illinois Oil and Gas Act, the bond or other collateral
12 securities shall be promptly released by the Department. Upon
13 the release by the Department of the bond or other collateral
14 securities, any cash or collateral securities deposited shall
15 be returned by the Department to the applicant who deposited
16 it.

17 (c) If, after notice and hearing, the Department determines
18 that any of the requirements of this Act or rules adopted under
19 this Act or the orders of the Department have not been complied
20 with within the time limit set by any notice of violation
21 issued under this Act, the permittee's bond or other collateral
22 securities shall be forfeited. Forfeiture under this
23 subsection shall not limit any duty of the permittee to
24 mitigate or remediate harms or foreclose enforcement by the
25 Department or the Agency. In no way will payment under this
26 bond exceed the aggregate penalty as specified.

1 (d) When any bond or other collateral security is forfeited
2 under the provisions of this Act or rules adopted under this
3 Act, the Department shall collect the forfeiture without delay.
4 The surety shall have 30 days to submit payment for the bond
5 after receipt of notice by the permittee of the forfeiture.

6 (e) All forfeitures shall be deposited in the Oil and Gas
7 Resource Management ~~Mines and Minerals Regulatory~~ Fund to be
8 used, as necessary, to mitigate or remediate violations of this
9 Act or rules adopted under this Act.

10 (Source: P.A. 98-22, eff. 6-17-13.)

11 (225 ILCS 732/1-135)

12 Sec. 1-135. The Oil and Gas Resource Management ~~Mines and~~
13 ~~Minerals Regulatory~~ Fund. The Oil and Gas Resource Management
14 ~~Mines and Minerals Regulatory~~ Fund is created as a special fund
15 in the State treasury. All moneys required by this Act to be
16 deposited into the Fund shall be used by the Department to
17 administer and enforce this Act and otherwise support the
18 operations and programs of the Division of Oil and Gas Resource
19 Management ~~Office of Mines and Minerals~~.

20 (Source: P.A. 98-22, eff. 6-17-13.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.